



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

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28 June 2019

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Phase-one measures to promote green and sustainable banking

In the Green Finance Forum held on 7 May 2019, the Hong Kong Monetary Authority (HKMA) unveiled a number of measures for promoting the development of green finance in Hong Kong, including the adoption of a three-phased approach to promote green and sustainable banking.¹ This circular sets out the HKMA's work plan for Phase I.

Working Group

In Phase I, the HKMA will prioritise the development of a common framework (the Framework) to enable comprehensive assessments of the “greenness” of authorized institutions (AIs). The HKMA will collaborate with major industry stakeholders to form a Working Group to carry out the relevant work. The membership of the Working Group will be confirmed shortly. Their first meeting is expected to be held before the end of August.

The Working Group aims to develop the Framework for industry consultation by the end of this year. The Framework would consist of both guiding principles and possible metrics for assessing the “greenness” of AIs. Such principles and metrics will be developed taking into account both local stakeholders' opinions as well as international guidelines and recommended practices. In relation to the latter, the HKMA has recently joined the Central

¹ The HKMA's announcement on 7 May is available at:
<https://www.hkma.gov.hk/eng/key-information/press-releases/2019/20190507-4.shtml>

Banks and Supervisors Network for Greening the Financial System (NGFS)² and will participate in the NGFS's workstreams, so that international insights would be considered in the development of our local Framework.

Once the Framework is finalised by incorporating the industry's comments as appropriate, the HKMA will conduct a comprehensive assessment, tentatively in the second quarter of 2020, to inform future policy development.

Separately, the HKMA will organise training programmes and workshops for AIs to enhance their capacity and preparedness on green and sustainable banking. Details of the HKMA capacity building programmes will be announced in due course.

I wish to reiterate that it is imperative for all of us to take immediate actions to address the risks arising from climate change. The HKMA welcomes the industry's current initiatives on this front, and will step up its effort to work jointly with the industry to address this issue and help to achieve a greener and more sustainable banking environment.

For enquiry, please contact us at gsf@hkma.gov.hk.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

² The Central Banks and Supervisors Network for Greening the Financial System is a group of central banks and supervisory authorities that are willing to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy. The Network has established three workstreams, namely,

- WS1 (Microprudential/supervisory workstream);
- WS2 (Macrofinancial workstream); and
- WS3 (Scaling up green finance).

For more details about the Network, please visit:

<https://www.banque-france.fr/en/financial-stability/international-role/network-greening-financial-system>